

U.S. Senator Tim Scott

South Carolina

# Opportunity Agenda

## LEAP Act

### *Leveraging and Energizing America's Apprenticeship Programs*

Senator Tim Scott (R-SC), along with Senator Cory Booker (D-NJ), introduced the LEAP Act, S.2234, to increase apprenticeships through a new federal tax credit for employers. Currently, there are over 10 million unemployed Americans, yet 4 million jobs remain unfilled as many companies struggle to find qualified workers to fill available jobs. According to a 2010 report from the Georgetown University Center on Education and the Workforce, by 2018 the United States will face a shortage of workers with recognized postsecondary credentials – shortages of 3,000,000 workers with degrees and 4,700,000 workers with certificates.

#### **Key pieces of the LEAP Act include:**

- Offering a federal tax credit for hiring new apprentices that are registered with the U.S. Department of Labor or a state apprenticeship agency.
- Addressing the fact that the average age of apprentices is currently as high as 29 by offering a tax credit of \$1,500 for apprentices under 25. The tax credit for apprentices over 25 is \$1,000.
- Being fully paid for through an offset: cutting printing waste by barring the federal government from producing publications that are available online with an exception for seniors, Medicare recipients and in communities with limited internet access.

**Apprenticeships Offer Benefits to Employers and Employees:** Benefits of the registered apprenticeship system include incremental wage increases, improved skills, career advancement, enhanced retention, and increased productivity. A 2012 evaluation by Mathematica Policy Research found that individuals who completed registered apprenticeship programs earned over \$240,000 more over their careers than individuals not participating in such apprenticeship programs and the tax return on every Federal Government dollar invested in registered apprenticeship programs was \$27.

Expanding apprenticeships is a common sense solution to enhance employment opportunities in rewarding career fields such as manufacturing, health care, and information technology. Furthermore, according to the Brookings Institution, approximately 45 percent of all jobs over the next decade will be in "middle skill" occupations, which require more than a high school diploma but less than a bachelor's degree. Strengthening the apprenticeship model will help improve economic opportunities and meet the demand for a skilled workforce.

**Registered Apprenticeship Programs:** Registered apprenticeship programs are an efficient way to ensure employer needs are matched with employee skills. Together, the U.S. Department of Labor Office of Apprenticeship and state apprenticeship agencies establish a set of standards necessary for completion and administer the programs nationwide. Upon program completion, apprentices are issued a nationally recognized credential that certifies their skills and proficiency.

In the U.S., there are currently over 358,000 apprentices in 21,000 registered apprenticeship programs, representing only 0.2 percent of the nation's workforce. The LEAP Act promotes economic empowerment by creating a federal version of the apprenticeship tax credit pioneered by South Carolina to help meet the demand for workers with advanced skills.